

EXHIBIT B

COPY

In The Matter Of:

Cohen

v.

Chicago Title Insurance Company

JODI REIMER

October 17, 2006

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<p style="text-align: center;">1</p> <p style="text-align: center;">UNITED STATES DISTRICT COURT EASTERN DISTRICT OF PHILADELPHIA CLASS ACTION C.A. NO. 06-0873</p> <p>PEARL E. COHEN, on behalf of herself and all others similarly situated,</p> <p style="text-align: center;">Plaintiffs, vs. CHICAGO TITLE INSURANCE COMPANY, Defendant.</p> <p style="text-align: center;">Philadelphia, Pennsylvania October 17, 2006</p> <p>TRANSCRIPT of testimony JODI REIMER as taken by and before MARGARET M. REIHL, RPR, CRR, CSR and Notary Public, at the offices of DONOVAN SEARLES, LLC, 1845 Walnut Street, commencing at 9:38 a.m. in the forenoon.</p>	<p style="text-align: right;">3</p> <p style="text-align: center;">I N D E X</p> <p>1 WITNESS PAGE</p> <p>2 Jodi Reimer</p> <p>3 By: Mr. Gordon 6</p> <p>4</p> <p style="text-align: center;">E X H I B I T S</p> <p>5</p> <p>6</p> <p>7 NUMBER PAGE</p> <p>8 No. 1 Notice of Deposition 14</p> <p>9</p> <p>10 No. 2 Chicago Title Agency Bulletin dated 32</p> <p>11 April 12, 2006 [CHI0116]</p> <p>12</p> <p>13 No. 3 Issuing Agency Contract 53</p> <p>14 [CHI 0534 to CHI0544]</p> <p>15</p> <p>16 No. 4 Agent Premium Register Detail for 58</p> <p>17 Agent PA2606, as of period 2002/'03</p> <p>18 [CHI0545 to 0564]</p> <p>19</p> <p>20 No. 5 Schedule of Rates effective July 1, 84</p> <p>21 2002 [CHI0130 to 131]</p> <p>22</p> <p>23 No. 6 Chicago Title Web Page 1 93</p> <p>24</p> <p>25 No. 7 Chicago Title Web Page 2 93</p>
<p style="text-align: right;">2</p> <p>1 A P P E A R A N C E S :</p> <p>2</p> <p>3 QUINN GORDON & WOLF, CHTD</p> <p>4 BY: RICHARD S. GORDON, ESQUIRE</p> <p>5 CORY ZAJDEL, ESQUIRE</p> <p>6 102 W. Pennsylvania Avenue, Suite 402</p> <p>7 Towson, Maryland 21204</p> <p>8 Counsel for Plaintiff</p> <p>9</p> <p>10 BALLARD SPAHR ANDREWS & INGERSOLL, LLP</p> <p>11 BY: DARRYL J. MAY, ESQUIRE</p> <p>12 1735 Market Street, 51st Floor</p> <p>13 Philadelphia, Pennsylvania 19103-7599</p> <p>14 Counsel for Defendant</p> <p>15</p> <p>16</p> <p>17 Also Present: Barry Forman, Videographer</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">4</p> <p>1 No. 8 Chicago Title Web Page 3 93</p> <p>2 No. 9 Chicago Title Web Page 4 93</p> <p>3 No. 10 Chicago Title Web Page 5 93</p> <p>4 No. 11 Chicago Title Web Page 6 93</p> <p>5 No. 12 Policy Report, Company Examination 100</p> <p>6 System [CHI0001 to 00015]</p> <p>7 No. 13 Policy Report, Company Examination 100</p> <p>8 System [CHI0016 to 0031]</p> <p>9 No. 14 Policy Report, Company Examination 100</p> <p>10 System [CHI0032 to 47]</p> <p>11 No. 15 Policy Report, Company Examination 100</p> <p>12 System [CHI0048 to 64]</p> <p>13 No. 16 Policy Report, Company Examination 100</p> <p>14 System [CHI0065 to 80]</p> <p>15 No. 17 Policy Report, Company Examination 100</p> <p>16 System [CHI0081 to 096]</p> <p>17 No. 18 Chicago Title Lenders and Owner's 98</p> <p>18 Policies issued 2000 to 2005,</p> <p>19 with attached Chicago Title insurance</p> <p>20 putative class action lawsuits involving</p> <p>21 reissue or refinance title rates</p> <p>22 No. 19 Chelsea Land Transfer, Inc. Title Express</p> <p>23 Escrow Accounting System</p> <p>24 [Chelsea 001 through 0164] 101</p> <p>25 ** All exhibits were retained by Mr. Gordon</p>

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<p style="text-align: right;">5</p> <p>1 (It was stipulated by and between 2 counsel for the respective parties that signing, 3 sealing, certification and filing are waived, and that 4 all objections, except as to the form of the question, 5 are reserved to the time of trial.) 6 THE VIDEOGRAPHER: This is the video 7 deposition of Jodi Reimer taken by the plaintiff in 8 the matter of Pearl E. Cohen on behalf of herself and 9 all others similarly situated versus Chicago Title 10 Insurance Company. This is in the U.S. District 11 Court, Eastern District of Pennsylvania, Class Action, 12 Docket Number C.A. 06-0873. 13 This deposition is being held at the 14 offices of Donovan Searles on Walnut Street in 15 Philadelphia, Pennsylvania on the 16th of October, 16 2006. My name is Barry Foreman from the firm of 17 Reporting Associates with offices in Cherry Hill, New 18 Jersey and Philadelphia, Pennsylvania and I am the 19 videographer. The reporter is Peggy Reihl, also of 20 Reporting Associates. 21 We're going on the record at 22 approximately 15 minutes past ten o'clock. Will 23 counsel please state their appearances for the record. 24 MR. GORDON: Richard Gordon on behalf 25 of Ms. Cohen, the plaintiff.</p>	<p style="text-align: right;">7</p> <p>1 Q. In the '90s, okay. Well, let me run through 2 the basic ground rules for today. 3 I'm going to ask you a series of oral 4 questions, to which I need oral responses. If at any 5 point you don't understand a question or need me to 6 repeat it or rephrase it, I will be glad to, just 7 please make me aware of it. If you do not make me 8 aware of it, I'll work on the understanding that you 9 understood the question. 10 And if at any point you need to take a break, 11 let me know that as well and I'll try to accommodate 12 at a reasonable time, okay? 13 A. Okay. 14 Q. What is your position with Chicago Title? 15 A. My position is I am an agency representative 16 and assistant vice president. 17 Q. How long have you been with Chicago Title? 18 A. I have been with Chicago Title just a little 19 bit over two years. 20 Q. Two years. Where were you before that? 21 A. Prior to that I was with Fidelity National 22 Title. 23 Q. Is that part of the same company of Chicago? 24 A. It's a sister company. 25 Q. Does it generally operate the same way as</p>
<p style="text-align: right;">6</p> <p>1 MR. ZAJDEL: Cory Zajdel on behalf of 2 the plaintiff. 3 MR. MAY: Darryl May on behalf of 4 defendant. 5 MR. SNYDER: Steve Snyder on behalf of 6 the defendant. 7 THE VIDEOGRAPHER: Will the court 8 reporter please swear in Ms. Reimer. 9 ... JODI REIMER, having been duly 10 sworn as a witness, was examined and 11 testified as follows... 12 THE VIDEOGRAPHER: We may proceed. 13 EXAMINATION 14 BY MR. GORDON: 15 Q. Good morning, Ms. Reimer. How are you today? 16 A. Fine, thank you. 17 Q. Have you ever had your deposition taken 18 before? 19 A. Yes, I have. 20 Q. How many times? 21 A. One other time. 22 Q. What was the occasion? 23 A. A personal matter. 24 Q. And when was it? 25 A. In the '90s.</p>	<p style="text-align: right;">8</p> <p>1 Chicago Title? 2 MR. MAY: Object to form. 3 THE WITNESS: It operates the same way, 4 although we are separate entities. 5 BY MR. GORDON: 6 Q. Okay. But there wasn't any great difference 7 in the way that one title company worked versus 8 another? 9 MR. MAY: Object to form. 10 THE WITNESS: In what respect? 11 BY MR. GORDON: 12 Q. General operations? 13 A. There would be a difference in possibly how 14 remittances were received or uploaded to a corporate 15 office, you know, do we use the same rate forms, you 16 know, provided by ALTA? Yes. Do we abide by all the 17 same laws in the State of Pennsylvania? Yes. 18 Q. Title policies are all the same? 19 A. The title policies would be, yes, the same. 20 Q. And you're in the Western District; are you 21 not? 22 A. Yes, I am. 23 Q. Could you explain to me how Chicago Title is 24 split up in that respect? 25 A. I cover the western portion of Pennsylvania as</p>

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<p>9</p> <p>1 the western agency representative and then the reps in 2 the eastern side of the state cover the eastern 3 portion. 4 Q. What would constitute the western portion? 5 A. I travel probably as far north and east as 6 State College, as far north as Erie and then south as 7 far as maybe Uniontown. 8 Q. The rest of the state would be part of the 9 eastern territory? 10 A. Probably, although I do have -- I do have the 11 availability to travel to Scranton, if need be. 12 Q. Okay. Other than the geographic distinction, 13 are there any other distinctions between the eastern 14 and western districts insofar as how Chicago Title 15 operates within the State of Pennsylvania? 16 A. No, there are no other distinctions, other 17 than possibly how our -- how we operate internally, 18 such as how we may upload our remittances, we may hold 19 our seminars at our convenience, to our convenience of 20 our agents, where we don't check in with the western 21 side of the state as to when they are holding theirs. 22 Q. It's still part of the same company? 23 A. Part of the same company. 24 Q. And it operates in the same manner, generally? 25 A. In the same manner, but we also have the</p>	<p>11</p> <p>5 A. So I was just in my beginning process of 6 learning the rep business. 7 Q. Prior to your time at Fidelity National Title, 8 where were you? 9 A. I was in the field of dentistry. 10 Q. Completely different area? 11 A. Completely different area. 12 Q. So you've been in the title industry for 13 roughly four years? 14 A. Roughly four years. 15 Q. You -- you're generally familiar with the 16 process of issuing title policies in the state? 17 A. Yes, generally familiar. 18 Q. Have you ever worked for a title agent? 19 A. No, I have not. 20 Q. What have you reviewed in preparation for your 21 deposition today? Have you reviewed any documents? 22 A. Only those that were issued by my office, by 23 our underwriting counsel to our agents that were 24 requested to be sent to you. 25 Q. When did you review those? A. Actually, I have -- I have a copy of those on my desk back in my office, counsel made me a copy when they sent them. Q. Mm-hmm.</p>
<p>10</p> <p>1 authority to run our side of the state, you know, as 2 to what is convenient to us and our agents, such as 3 seminars in these months and these months and we 4 don't, you know... 5 Q. Okay. You mentioned that you were with 6 National Fidelity prior to -- 7 A. Fidelity National. 8 Q. Fidelity National, I apologize, prior to your 9 time at Chicago Title. 10 How long were you with them? 11 A. I was with them a little less than two years. 12 Q. And in what capacity? 13 A. I began there as an administrative -- an 14 agency assistant was the position. 15 Q. Would that be the title of someone who would 16 now work for you? 17 A. Correct. 18 Q. Okay. How far did you get in the company by 19 the time you left? 20 A. When I left Fidelity National Title I was 21 being trained to be an agency rep and I was traveling 22 more to southwestern Pennsylvania for Fidelity 23 National Title on a weekly basis, as well as to Erie, 24 as well to Uniontown to talk with agents. 25 Q. Okay.</p>	<p>12</p> <p>5 A. And then -- so I've leafed through them and 6 then I reviewed them again yesterday with -- with 7 Darryl. 8 Q. You are referring to your counsel, Mr. May? 9 A. Yes. I'm sorry. 10 Q. Did you review the Complaint in this case? 11 A. I actually, for the first time, saw a copy of 12 the Complaint in this case yesterday. 13 Q. Did you review it? 14 A. No, no. We didn't go through it -- you mean 15 to go through it line by line, detail by detail; no. 16 Q. Have you read it? 17 A. I've skimmed it. 18 Q. And yesterday was the first time that 19 happened? 20 A. Yes. 21 Q. Have you reviewed any deposition transcripts 22 in connection with your preparation for this 23 deposition? 24 A. A deposition transcript that came -- I don't 25 know if it's actually a deposition transcript, but it was a response from Chicago Title to possibly items that you may have requested. Q. The response to the Request for Production of Documents?</p>

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<p style="text-align: right;">13</p> <p>1 A. Right, that's all I've seen.</p> <p>2 Q. Okay. Did you review any testimony of anyone</p> <p>3 else in any other case similar to this?</p> <p>4 A. No, I didn't actually -- you mean read</p> <p>5 somebody else's deposition?</p> <p>6 Q. Yes.</p> <p>7 A. No, I didn't actually read anyone else's</p> <p>8 deposition.</p> <p>9 Q. Were you provided a copy of it?</p> <p>10 A. No, I was not provided a copy of a deposition.</p> <p>11 Q. Were you shown a copy of a deposition</p> <p>12 transcript?</p> <p>13 A. No, I actually was not shown a copy of a</p> <p>14 deposition transcript.</p> <p>15 Q. Have you ever reviewed the file of the named</p> <p>16 plaintiff in this case, Ms. Cohen?</p> <p>17 A. No. I have seen a settlement sheet, a Xeroxed</p> <p>18 copy of a settlement sheet, I believe that's all that</p> <p>19 I've seen of her file.</p> <p>20 Q. From what you saw was there anything unusual</p> <p>21 about it?</p> <p>22 MR. MAY: Object to form.</p> <p>23 THE WITNESS: Off the top of my head,</p> <p>24 it seemed as though she had a lot of fees on there for</p> <p>25 loan origination fees and lender fees.</p>	<p style="text-align: right;">15</p> <p>1 A. (Witness reviews document.)</p> <p>2 MR. MAY: Let me just state for the</p> <p>3 record here that per discussion with counsel last</p> <p>4 week, we are going to produce the data in chart form</p> <p>5 that's called for in this notice, but that's going to</p> <p>6 be available and done this afternoon with Ms. Folda,</p> <p>7 not Ms. Reimer. She doesn't have the answers to these</p> <p>8 questions.</p> <p>9 MR. GORDON: Okay. I thought that we</p> <p>10 were doing it through the first witness but --</p> <p>11 MR. MAY: I thought we were -- I didn't</p> <p>12 know we had an agreement as to which witness and it</p> <p>13 was just in terms of getting the chart ready, frankly.</p> <p>14 MR. GORDON: It's not ready yet?</p> <p>15 MR. MAY: It got ready this morning and</p> <p>16 so I wanted to have --</p> <p>17 MR. GORDON: Do you have it with you?</p> <p>18 MR. MAY: -- Ms. Folda to have a chance</p> <p>19 to look at it before we did it, so we didn't have the</p> <p>20 opportunity with Ms. Reimer.</p> <p>21 MR. GORDON: Okay.</p> <p>22 MR. MAY: But it's our intention to</p> <p>23 provide that chart and have Ms. Reimer -- I mean have</p> <p>24 Ms. Folda submit it this afternoon.</p> <p>25 MR. GORDON: Okay. That's fine. Then</p>
<p style="text-align: right;">14</p> <p>1 BY MR. GORDON:</p> <p>2 Q. From the broker and from the lender?</p> <p>3 A. From the broker, yes.</p> <p>4 Q. Other than that with respect specifically to</p> <p>5 the title section, did there seem to be anything</p> <p>6 unusual about the transaction?</p> <p>7 MR. MAY: Object to form.</p> <p>8 THE WITNESS: I didn't study the -- I</p> <p>9 did not study it, I just looked at it, so, no, I can't</p> <p>10 say that I saw anything, you know, other than that</p> <p>11 dollar amount of broker fees that I thought was on the</p> <p>12 high end.</p> <p>13 BY MR. GORDON:</p> <p>14 Q. You weren't involved in her -- in the</p> <p>15 underwriting of her title insurance, were you?</p> <p>16 A. No, I was not.</p> <p>17 Q. Do you have any personal knowledge with</p> <p>18 respect to her transaction?</p> <p>19 A. No, no, I do not.</p> <p>20 (Document marked for identification</p> <p>21 as Defendant's deposition Exhibit Number 1.)</p> <p>22 BY MR. GORDON:</p> <p>23 Q. Ms. Reimer, I'm going to show you what's been</p> <p>24 marked as deposition Exhibit Number 1 in this case and</p> <p>25 ask you if you have seen that document before?</p>	<p style="text-align: right;">16</p> <p>1 I'll move on.</p> <p>2 BY MR. GORDON:</p> <p>3 Q. Ms. Reimer, what is Chicago Title?</p> <p>4 MR. MAY: Object to form.</p> <p>5 THE WITNESS: The number one --</p> <p>6 probably the best title insurance company there is.</p> <p>7 BY MR. GORDON:</p> <p>8 Q. Okay. When you say "the number one," what do</p> <p>9 you mean; is it the largest?</p> <p>10 A. We're one of the largest. Number one -- by</p> <p>11 saying number one, my opinion is number one by what we</p> <p>12 provide, our services, our counsel, our employees.</p> <p>13 Q. And your agents?</p> <p>14 A. Of course our agents.</p> <p>15 Q. What type of insurance does Chicago Title</p> <p>16 issue?</p> <p>17 A. We issue title insurance.</p> <p>18 Q. What is title insurance?</p> <p>19 A. Well, there are two types of title insurance.</p> <p>20 A lender's title insurance or a loan policy is issued</p> <p>21 which guarantees the lender that their lien is in</p> <p>22 first position and an owner's policy is issued should</p> <p>23 an owner choose to purchase one that guarantees --</p> <p>24 it's kind of -- another way to phrase it is backwards</p> <p>25 insurance.</p>

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<p style="text-align: right;">17</p> <p>1 Q. It covers past events?</p> <p>2 A. It covers you -- past events.</p> <p>3 Q. Other than issuing title insurance, does</p> <p>4 Chicago Title issue any other types of insurance?</p> <p>5 A. No.</p> <p>6 Q. In Pennsylvania?</p> <p>7 A. No.</p> <p>8 Q. No.</p> <p>9 Does it issue commercial as well as</p> <p>10 residential policies?</p> <p>11 A. Yes.</p> <p>12 Q. And in Pennsylvania does it issue any</p> <p>13 insurance directly?</p> <p>14 A. Explain.</p> <p>15 Q. Are policies issued through agents or directly</p> <p>16 through Chicago Title?</p> <p>17 A. The Pittsburgh office has a direct operations</p> <p>18 that does issue direct policies, majority of those are</p> <p>19 commercial. The Pittsburgh office also has a national</p> <p>20 business unit, an NBU, which issues policies not only</p> <p>21 in Pennsylvania, but, you know, throughout the United</p> <p>22 States. They work on large, multi-site operations.</p> <p>23 Q. And you said that most of the policies issued</p> <p>24 out of Pittsburgh directly are commercial policies?</p> <p>25 A. The majority of policies issued directly are</p>	<p style="text-align: right;">19</p> <p>1 Q. To make the decision on underwriting?</p> <p>2 A. Yes, they do.</p> <p>3 Q. And, also, the decisions with respect to rates</p> <p>4 are made by the agents; are they not?</p> <p>5 A. No, rates in the State of Pennsylvania are</p> <p>6 filed rates.</p> <p>7 Q. Okay. That isn't really what I was getting</p> <p>8 to, but I appreciate that answer and I'll get to the</p> <p>9 file rate issue in a few minutes.</p> <p>10 What I was getting to, though, is the</p> <p>11 determination of what rate is appropriate for a</p> <p>12 particular policy is determined by the agent; is it</p> <p>13 not?</p> <p>14 A. Correct, it's determined by the agent. Should</p> <p>15 they have any questions, they would call underwriting</p> <p>16 or call counsel at Chicago Title.</p> <p>17 Q. Okay. Would they ever call you with questions</p> <p>18 about that?</p> <p>19 A. Sure they could.</p> <p>20 Q. How often does that happen?</p> <p>21 A. It has happened over the two years I've been</p> <p>22 there, half a dozen times, to me directly. How many</p> <p>23 times they call counsel with a situation, I don't -- I</p> <p>24 can't fathom those numbers.</p> <p>25 Q. What were the nature of the questions that</p>
<p style="text-align: right;">18</p> <p>1 commercial policies.</p> <p>2 Q. What percentage would be residential?</p> <p>3 A. I don't work in the direct operations so I --</p> <p>4 I can't really tell you.</p> <p>5 Q. What's your understanding?</p> <p>6 A. My understanding is that 80 to 90 percent</p> <p>7 would be commercial, 10 percent would be residential.</p> <p>8 Q. Other than the portion -- the small portion</p> <p>9 that's issued directly through the Pittsburgh office,</p> <p>10 for the other operations in the Western district are</p> <p>11 the policies issued exclusively by agents?</p> <p>12 A. Yes.</p> <p>13 Q. And these agents are appointed by Chicago</p> <p>14 Title?</p> <p>15 A. Yes, they are.</p> <p>16 Q. They act on your behalf?</p> <p>17 A. Yes, they do.</p> <p>18 Q. They are contractually obligated to act on</p> <p>19 your behalf; are they not?</p> <p>20 A. They're contractually obligated, as well as</p> <p>21 certified with the state.</p> <p>22 Q. And they -- in issuing policies on your behalf</p> <p>23 they have the authority to underwrite those policies;</p> <p>24 do they not?</p> <p>25 A. Yes, they do.</p>	<p style="text-align: right;">20</p> <p>1 were asked of you with respect to the rates?</p> <p>2 A. Well, when we have a rate change or a change</p> <p>3 in the rate manual, you know, questions always arise</p> <p>4 as to, you know, what does this mean I have to do, how</p> <p>5 do I change this, you know, what does this mean, you</p> <p>6 know, that we correctly follow the rate manual.</p> <p>7 Q. Now, in your position you have significant</p> <p>8 contact with the agents?</p> <p>9 A. Yes, I do.</p> <p>10 Q. Are you the primary contact for the Western</p> <p>11 district with the agents?</p> <p>12 A. Yes, I am.</p> <p>13 Q. Can you generally describe what you do on a</p> <p>14 daily basis vis-a-vis agents?</p> <p>15 A. Sure. My position is actually that of</p> <p>16 building a relationship between -- my -- our agents</p> <p>17 and Chicago Title and within the building of the</p> <p>18 agency and this relationship we, you know, provide</p> <p>19 seminars for the agents, we help them in any ways that</p> <p>20 we can with underwriting questions, with problems,</p> <p>21 with how to clear certain issues that they may run</p> <p>22 into.</p> <p>23 You know, I also review their escrow accounts,</p> <p>24 review files. You know, I may -- I may take them to</p> <p>25 lunch with an attorney in our office to discuss their</p>

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<p style="text-align: right;">21</p> <p>1 business.</p> <p>2 Q. They're your customers?</p> <p>3 A. Correct.</p> <p>4 Q. And they're Chicago Title's customers?</p> <p>5 A. Correct, we're a customer service industry, as</p> <p>6 they are as well.</p> <p>7 Q. And is one of the things that you are trying</p> <p>8 to do, is that to increase the amount of title</p> <p>9 insurance policies that your agents underwrite using</p> <p>10 Chicago Title?</p> <p>11 A. Yes.</p> <p>12 Q. Is it fair to say that agents often will have</p> <p>13 more than one underwriter that they are appointed by?</p> <p>14 A. I -- I recommend that agents have more than</p> <p>15 one underwriter.</p> <p>16 Q. Okay. Why do you recommend that?</p> <p>17 A. It's just a good business practice.</p> <p>18 Q. Why is it a good business practice?</p> <p>19 A. If you have a question and you -- you need an</p> <p>20 answer right now and you are at closing and you can't</p> <p>21 reach underwriter A, you need a fall back, you need</p> <p>22 somebody to reach out to, so it's always good business</p> <p>23 practice to have two underwriters.</p> <p>24 Q. Okay. In Pennsylvania, though, the types of</p> <p>25 policies that are issued are going to be the same from</p>	<p style="text-align: right;">23</p> <p>1 A. No, no.</p> <p>2 Q. They can't come up with their own rates?</p> <p>3 A. Oh, no.</p> <p>4 Q. In fact, it would be unlawful to deviate from</p> <p>5 the rates; would it not?</p> <p>6 A. Correct.</p> <p>7 Q. How many agents do you service in your</p> <p>8 territory?</p> <p>9 A. I service approximately 60 agents.</p> <p>10 Q. Do you know how many there are in the Eastern</p> <p>11 District?</p> <p>12 A. No, I do not know that.</p> <p>13 Q. Of the 60 agents, how many are title</p> <p>14 companies?</p> <p>15 A. Explain that, what do you mean? They are all</p> <p>16 title companies. The majority of them are law firms</p> <p>17 who have -- who either, you know, have an attorney</p> <p>18 that works in title and is the licensed title agent or</p> <p>19 they've created, you know, an additional LLC for the</p> <p>20 title company.</p> <p>21 Q. Well, let me break it down this way: I've</p> <p>22 seen in the TIRBOP manual that there's a rate for the</p> <p>23 approved attorney rate; are you familiar with that?</p> <p>24 A. Yes.</p> <p>25 Q. And then there's the other rates that are</p>
<p style="text-align: right;">22</p> <p>1 one underwriter to another; are they not?</p> <p>2 A. Correct.</p> <p>3 Q. They are all going to be standard, altered</p> <p>4 policies?</p> <p>5 A. As long as they are a member of TIRBOP, yes.</p> <p>6 Q. And what is TIRBOP?</p> <p>7 A. The Title Insurance Rating Bureau.</p> <p>8 Q. And that's the organization that comes up with</p> <p>9 consistent rates and policies for title underwriters</p> <p>10 in the State of Pennsylvania; is it not?</p> <p>11 A. Correct.</p> <p>12 Q. As a member of TIRBOP, is Chicago Title bound</p> <p>13 to adhere to TIRBOP's manuals?</p> <p>14 A. Yes, we are.</p> <p>15 Q. Can Chicago Title deviate from that manual in</p> <p>16 any way?</p> <p>17 A. I believe there's a section in the TIRBOP</p> <p>18 manual that allows you to apply for a deviation and</p> <p>19 there is a process, but, you know, other than that,</p> <p>20 no.</p> <p>21 Q. Well, let's say in an individual consumer's</p> <p>22 case, when they are closing on a loan and there is a</p> <p>23 lender's title policy issued, the agent acting on</p> <p>24 behalf of Chicago Title can't deviate from the TIRBOP</p> <p>25 manual just because they want to?</p>	<p style="text-align: right;">24</p> <p>1 applicable to title companies?</p> <p>2 A. To agents.</p> <p>3 Q. To agents.</p> <p>4 Of the 60 agents that you deal with, how many</p> <p>5 would not be in the category of approved attorney</p> <p>6 agents?</p> <p>7 A. They would -- of those 60 agents that I'm</p> <p>8 speaking of, they are all title agents.</p> <p>9 Q. How big are these companies; what's the range?</p> <p>10 MR. MAY: I just object to the form</p> <p>11 because of the word companies.</p> <p>12 MR. GORDON: That's fine.</p> <p>13 BY MR. GORDON:</p> <p>14 Q. Do you understand the question?</p> <p>15 A. How big are they?</p> <p>16 Q. Yeah.</p> <p>17 A. Do you mean by number of employees, by</p> <p>18 remittances, by policies issued, by --</p> <p>19 Q. Yes.</p> <p>20 A. -- you know, the amount of the loans?</p> <p>21 Q. Let's do it by remittances on a monthly basis;</p> <p>22 what's the range?</p> <p>23 A. I have ranges in a year that -- that run from</p> <p>24 75 to 100 to, you know, \$100,000.</p> <p>25 Q. How about in number of loans remitted?</p>

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<p style="text-align: right;">25</p> <p>1 A. That's -- that's something I don't know off 2 the top of my head. 3 Q. Okay. On the low end, though, what would it 4 be; do you know? 5 A. No, I couldn't -- 6 Q. What's the smallest agent you deal with? 7 A. An agent that remits about \$7,500 a year, but 8 that could be five policies. 9 Q. Okay. \$7,500 in premiums? 10 A. In premium. 11 Q. Okay. How many loan -- that could be five 12 policies you said? 13 A. It could be five policies, it could be 20 14 policies, depending on where they're located. 15 Q. Okay. And the agent who is remitting \$100,000 16 in premiums -- 17 A. Correct. 18 Q. -- what would -- how many loans would that be 19 for? 20 A. They could be issuing, you know, 60 policies a 21 month, depending on -- once again, it depends on the 22 cost of the property, you know, what the title 23 policy -- 24 Q. Okay. And when you say that they are 25 remitting \$7,500 to \$100,000 in premiums, is that the</p>	<p style="text-align: right;">27</p> <p>1 Q. And that's also filed? 2 A. Right, filed rates. 3 Q. You mentioned owner's title insurance. Is it 4 my understanding that that is issued almost always in 5 the case of purchase money mortgages; when someone 6 buys the home? 7 A. Mm-hmm. 8 Q. And it's issued only once? 9 A. It's issued only once. It's recommended. 10 Q. And it remains in effect for the life of the 11 loan? 12 A. For the life. 13 Q. And a lender's title insurance policy, that's 14 issued in almost all cases where there is a first 15 mortgage; isn't that correct? 16 MR. MAY: Object to the form. 17 THE WITNESS: Correct. 18 BY MR. GORDON: 19 Q. Virtually every case? 20 A. Well, there are exceptions to that. Not 21 everybody requires, you know, a lender's policy. 22 Q. Can you name for me any lenders that don't? 23 A. Well, in certain areas of Pennsylvania you 24 have attorney's opinion of title, which an attorney 25 will review the search and write his opinion and the</p>
<p style="text-align: right;">26</p> <p>1 total premium? 2 A. That is the net premium. 3 Q. That's the net premium, that is the portion 4 that Chicago Title would receive? 5 A. Correct. 6 Q. So, in fact, these agents are doing 7 significantly more work or more premiums? 8 A. Correct. 9 Q. The gross premium is going to be significantly 10 higher? 11 A. Gross premium, correct. 12 Q. Well, I want to make sure that for the balance 13 of this deposition we understand some of the terms 14 that we're working on. 15 Can you tell me what an endorsement is? 16 A. Sure. An endorsement is -- is applied to a 17 title policy to either remove a restriction or allow a 18 restriction. Most commonly in Pennsylvania, in a 19 residential situation, you know, you would issue the 20 PA100, the PA300 and possibly the 8.1. 21 Q. And these also -- these endorsements are also 22 part of the TIRBOP manual? 23 A. Yes, they are. 24 Q. Do they cost any additional amount? 25 A. Yes, they do.</p>	<p style="text-align: right;">28</p> <p>1 lender will accept that as -- as truth and fact and 2 there is no title insurance then to be sold or asked 3 for. 4 Q. How often does that happen, Ms. Reimer? 5 A. It was more prevalent years -- years ago. 6 Q. About 20 or more years ago? 7 A. I don't even know if it was 20 or more years 8 ago, being that I've only been in the business for 9 four, but I still know of areas that -- that it is 10 prevalent in. 11 Q. What areas? 12 A. The Chambersburg area it's very prevalent in, 13 certain parts of the Wilkes-Barre area it's prevalent 14 in. 15 Q. And which lenders, in your experience, will 16 accept this attorney opinion letter? 17 A. It tends to be that the smaller banks in those 18 areas accept the attorney title of opinion. 19 Q. Can you name any of them? 20 A. No, not off the top of my head I can't a name. 21 Q. Can you name one? 22 A. Not with -- not off the top of my head, no. 23 Q. Have you ever seen any bank accept an attorney 24 opinion letter, in your experience? 25 A. I've been told by agents in the Chambersburg</p>

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<p style="text-align: right;">29</p> <p>1 area that they don't issue title insurance because</p> <p>2 they rely on the attorney's opinion of title.</p> <p>3 Q. And which agents have told you that?</p> <p>4 A. I would need to go back and go through my</p> <p>5 notes. I don't travel to the Chambersburg area now.</p> <p>6 I did that for a brief time when I was with Fidelity.</p> <p>7 Q. Okay. In your experience with Chicago Title</p> <p>8 have any agents told you that they don't issue lenders</p> <p>9 title insurance because they accept an attorney</p> <p>10 opinion letter?</p> <p>11 A. No, not with my position with Chicago Title.</p> <p>12 Q. Okay. It was only with your previous position</p> <p>13 that that happened?</p> <p>14 A. Correct.</p> <p>15 Q. And in your experience with Fannie Mae ^CK SP</p> <p>16 loans, doesn't Fannie Mae require title insurance?</p> <p>17 A. I don't really know that.</p> <p>18 Q. Okay. And like owner's title insurance, the</p> <p>19 premiums are only paid once?</p> <p>20 A. They're only paid once.</p> <p>21 Q. Policies are uniform in the industry?</p> <p>22 A. Uniform in the industry.</p> <p>23 Q. The lender's title insurance or with respect</p> <p>24 to lender's title insurance the beneficiary is, in</p> <p>25 fact, the lender; is it not?</p>	<p style="text-align: right;">31</p> <p>1 boundaries -- the meets and boundaries of your</p> <p>2 property correct, you know, is there -- all of a</p> <p>3 sudden is there a railroad that owns a piece of your</p> <p>4 property because at some point the rail -- you know,</p> <p>5 the railroad system went through your property.</p> <p>6 Q. And these are things that would have been on</p> <p>7 the public record that were not discovered at the</p> <p>8 point of the title search?</p> <p>9 A. Or maybe they were not on the public record,</p> <p>10 maybe they were missed prior to being put on the</p> <p>11 public record, which, in fact, is what causes the</p> <p>12 problems.</p> <p>13 Q. Something happens, someone missed something?</p> <p>14 A. Correct.</p> <p>15 Q. And all of a sudden there's a title problem?</p> <p>16 A. Correct.</p> <p>17 Q. What is the file rate, do you know what that</p> <p>18 term means? You used it once.</p> <p>19 A. Right.</p> <p>20 Q. What does it mean?</p> <p>21 A. It's the rates that we agree to follow in the</p> <p>22 State of Pennsylvania for the issuance of title</p> <p>23 insurance. It also includes the rates for</p> <p>24 endorsements.</p> <p>25 Q. Now, the rates themselves, have they changed a</p>
<p style="text-align: right;">30</p> <p>1 A. It is.</p> <p>2 Q. Isn't lender's title insurance really just</p> <p>3 foreclosure protection for the lender?</p> <p>4 MR. MAY: Object to form.</p> <p>5 THE WITNESS: No, I believe that it is</p> <p>6 probably one part of it, to protect against</p> <p>7 foreclosure but, you know, it also protects against</p> <p>8 other issues that may come up that may keep the -- you</p> <p>9 know, the purchaser from being able to pay their</p> <p>10 mortgage.</p> <p>11 Q. Such as?</p> <p>12 A. You know, they come into a conflict because</p> <p>13 there is a defect in the title that arises and maybe</p> <p>14 they quit paying, you know, their mortgage until this</p> <p>15 is straightened out. They certainly don't want to</p> <p>16 head to foreclosure but they want it straightened out.</p> <p>17 Q. But the borrower at that point has defaulted</p> <p>18 on the loan because they're not paying?</p> <p>19 A. Well, if it's gone that far.</p> <p>20 Q. What does title insurance cover? You said</p> <p>21 past events. Could you give me some examples of what</p> <p>22 it covers?</p> <p>23 A. It covers, you know, the chain of title, was</p> <p>24 the chain of title correct, is there a right of way on</p> <p>25 your property that wasn't listed, are the</p>	<p style="text-align: right;">32</p> <p>1 whole lot in the last ten years?</p> <p>2 A. The last rate change was effective January of</p> <p>3 2002.</p> <p>4 Q. Okay.</p> <p>5 A. And they increased.</p> <p>6 Q. How much, do you know?</p> <p>7 A. I don't know an overall -- the lowest rate at</p> <p>8 that point increased by \$30.</p> <p>9 (Document marked for identification</p> <p>10 as Reimer Deposition Exhibit Number 2.)</p> <p>11 BY MR. GORDON:</p> <p>12 Q. Ms. Reimer, I'm going to show you what's been</p> <p>13 marked as deposition Exhibit Number 2. I'm going to</p> <p>14 ask if you have seen that document before?</p> <p>15 A. Yes, I have.</p> <p>16 Q. Is that a Chicago Title Agency bulletin?</p> <p>17 A. Yes, it is.</p> <p>18 Q. Kept in the ordinary course of business?</p> <p>19 A. Yes.</p> <p>20 Q. And what's the date on that?</p> <p>21 A. The effective date of the change is May 1st,</p> <p>22 2006.</p> <p>23 Q. Okay. What I meant was what is the date of</p> <p>24 the agency bulletin?</p> <p>25 A. April 12, 2006.</p>

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<p style="text-align: right;">33</p> <p>1 Q. And what does this bulletin relate to?</p> <p>2 A. Rate manual changes that the insurance</p> <p>3 department approved on behalf of TIRBOP that related</p> <p>4 to transactional closings after May 1st of 2006. And</p> <p>5 it specifically talked about a Section 5.6 which</p> <p>6 were -- are refinance and substitution loans. It</p> <p>7 changes the percent of reissue rate that you charge</p> <p>8 and the years that are now customary, and then it also</p> <p>9 changes the short form residential loan policy fee</p> <p>10 from \$125 to \$100, and then it also decreases the</p> <p>11 additional charge that is imposed on enhanced coverage</p> <p>12 policies.</p> <p>13 Q. And the agency bulletin for Chicago Title, I</p> <p>14 gather from our discussion during this deposition, as</p> <p>15 well as from a discussion just prior to, that the</p> <p>16 Western District office and the Eastern District</p> <p>17 office of Chicago Title issue their own bulletins to</p> <p>18 their agents?</p> <p>19 A. Correct.</p> <p>20 Q. Is it generally the same subject matter?</p> <p>21 A. Yes.</p> <p>22 Q. Corporate comes down and says you need to tell</p> <p>23 your agents about this and each -- each district</p> <p>24 issues their own?</p> <p>25 A. Correct, the regional manager informs agency</p>	<p style="text-align: right;">35</p> <p>1 Q. And what is the American Land Title</p> <p>2 Association?</p> <p>3 A. They are, more or less, the big brother of all</p> <p>4 the land title associations of each state.</p> <p>5 Q. It's a trade organization; is it not?</p> <p>6 A. Right.</p> <p>7 Q. It's a membership organization?</p> <p>8 A. Yes.</p> <p>9 Q. Chicago Title is a member of that</p> <p>10 organization?</p> <p>11 A. Yes.</p> <p>12 Q. Are you personally a member of ALTA?</p> <p>13 A. No, I'm not.</p> <p>14 Q. And does ALTA set uniform standards for its</p> <p>15 members?</p> <p>16 A. I don't know that.</p> <p>17 Q. They are the industry standard though; are</p> <p>18 they not?</p> <p>19 A. They are the industry standard.</p> <p>20 Q. And they also issue uniform forms for use by</p> <p>21 its members; do they not?</p> <p>22 A. Yes, they do.</p> <p>23 Q. And those are used by Chicago Title; are they</p> <p>24 not?</p> <p>25 A. Yes, they are.</p>
<p style="text-align: right;">34</p> <p>1 counsel of the eastern side and the western side of</p> <p>2 the -- of changes in the rate manual or changes that</p> <p>3 we need to inform agents about and then usually those</p> <p>4 two counsel get together and draft the bulletins.</p> <p>5 Q. Is the agency bulletin the primary mode of</p> <p>6 communication with the agents on these types of</p> <p>7 changes?</p> <p>8 A. I would say it is the primary mode.</p> <p>9 Secondly, we also discuss any kind of changes at</p> <p>10 any seminars that we may be having, which usually we</p> <p>11 have twice a year. So we will discuss at that point,</p> <p>12 you know, if there's been any change in the industry.</p> <p>13 Q. Okay. Other than those two methods of</p> <p>14 communication, are there any others?</p> <p>15 A. No.</p> <p>16 Q. And the rates that are charged in the TIRBOP</p> <p>17 manual for any particular type of policy are uniform</p> <p>18 and consistent throughout Pennsylvania; are they not?</p> <p>19 A. The rates charged in the TIRBOP manual are</p> <p>20 uniform and consistent?</p> <p>21 Q. Yes.</p> <p>22 A. Yes, they are.</p> <p>23 Q. And we mentioned ALTA a couple of times today.</p> <p>24 What does ALTA stand for, do you know?</p> <p>25 A. The American Land Title Association.</p>	<p style="text-align: right;">36</p> <p>1 Q. Are you familiar with the term the 1992 ALTA</p> <p>2 policy?</p> <p>3 A. No.</p> <p>4 Q. Do you know what that means?</p> <p>5 A. In comparison to -- is it the most revised of</p> <p>6 policy?</p> <p>7 Q. Do you know what it means?</p> <p>8 A. No, no.</p> <p>9 Q. Do you know what the 1998 ALTA policy is?</p> <p>10 A. No.</p> <p>11 Q. Do you know what a basic ALTA policy is, a</p> <p>12 standard or basic ALTA policy?</p> <p>13 A. Yes.</p> <p>14 Q. And what is that?</p> <p>15 A. The policies that we use and abide by and</p> <p>16 issue at Chicago Title.</p> <p>17 Q. And that's the policy that looks backwards?</p> <p>18 A. Correct.</p> <p>19 Q. Past events?</p> <p>20 A. Past events.</p> <p>21 Q. Doesn't that policy really just ensure against</p> <p>22 the negligence of the agent?</p> <p>23 MR. MAY: Object to form.</p> <p>24 THE WITNESS: No.</p> <p>25 BY MR. GORDON:</p>

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<p style="text-align: right;">37</p> <p>1 Q. How does it not?</p> <p>2 A. It protects the purchaser of the policy</p> <p>3 against anything that could have been unforeseen from</p> <p>4 any amount of years ago.</p> <p>5 Q. Things that should have been found in the</p> <p>6 title search but were not?</p> <p>7 A. Or things that were never recorded that should</p> <p>8 have been.</p> <p>9 Q. Do you know which company -- who would have</p> <p>10 priority, if it's not recorded?</p> <p>11 A. Well, that creates -- that creates a problem,</p> <p>12 when something is not recorded, because there are</p> <p>13 things out there that haven't been recorded or a</p> <p>14 courthouse burns down and the documents are lost, then</p> <p>15 somebody has to retrace everything and find it.</p> <p>16 Q. You've mentioned the enhanced policy a couple</p> <p>17 of times today; what is that policy?</p> <p>18 A. The enhanced policy not only gives you the</p> <p>19 backwards coverage but it gives you coverage in the</p> <p>20 future, for future things that may arise.</p> <p>21 Q. Such as?</p> <p>22 A. Issues that can come up to your ownership of</p> <p>23 the land, ownership of properties of land that touch</p> <p>24 your land whereas surveys are incorrect, things of</p> <p>25 that fate.</p>	<p style="text-align: right;">39</p> <p>1 Q. It is a higher rate; is it not?</p> <p>2 A. It is a higher rate.</p> <p>3 Q. And that would be more money for the agent?</p> <p>4 A. Because -- yes, it would be more money for the</p> <p>5 agent because you are also getting additional</p> <p>6 protection.</p> <p>7 Q. And also more money for Chicago Title?</p> <p>8 A. Yes.</p> <p>9 Q. And you said because you are getting</p> <p>10 additional protection?</p> <p>11 A. Correct.</p> <p>12 Q. And I'm just trying to find out from you who,</p> <p>13 are the primary contact with the agents, what's that</p> <p>14 additional protection?</p> <p>15 MR. MAY: Could we -- is this -- is</p> <p>16 this part of the lawsuit?</p> <p>17 MR. GORDON: Yes.</p> <p>18 MR. MAY: The enhanced policy premium</p> <p>19 is pled in the lawsuit?</p> <p>20 MR. GORDON: No, but it is relevant to</p> <p>21 the issues in this case?</p> <p>22 MR. MAY: Well, due to --</p> <p>23 MR. GORDON: If I could -- I'm happy to</p> <p>24 have you make whatever objection you want. If we</p> <p>25 could ask the witness to leave the room.</p>
<p style="text-align: right;">38</p> <p>1 Q. Well, if a survey is incorrect, wouldn't that</p> <p>2 be a past event?</p> <p>3 A. Well, not if you're in a subdivision, that</p> <p>4 would be a current event, they're just subdividing</p> <p>5 right now.</p> <p>6 Q. What else does it cover?</p> <p>7 A. That's really all I'm familiar with.</p> <p>8 Q. You encourage agents to sell the enhanced</p> <p>9 policy; do you not?</p> <p>10 A. No, actually I do not encourage agents to sell</p> <p>11 the enhanced policy. I let them know that that is</p> <p>12 available, but I do not encourage the selling of it.</p> <p>13 Q. When you tell them that it's available, what</p> <p>14 do you tell them about the policy?</p> <p>15 A. Actually, I have a handout that goes into</p> <p>16 detail about the policy.</p> <p>17 Q. That wasn't my question.</p> <p>18 A. And that it is available.</p> <p>19 Q. Do you tell them what the policy does?</p> <p>20 A. We prop -- we review the handout that I give</p> <p>21 them.</p> <p>22 Q. Okay. And what is the difference in the</p> <p>23 premium that's charged between the enhanced policy and</p> <p>24 the standard policy?</p> <p>25 A. That's actually in the TIRBOP manual.</p>	<p style="text-align: right;">40</p> <p>1 MR. MAY: Well, it's not going to tell</p> <p>2 the witness anything. I'm just stating an objection</p> <p>3 that due to the nature of objections in depositions,</p> <p>4 I'm not going to instruct the witness not to answer.</p> <p>5 MR. GORDON: Okay.</p> <p>6 MR. MAY: But that I would like to take</p> <p>7 a -- just an objection to this line of testimony on</p> <p>8 relevance grounds.</p> <p>9 MR. GORDON: That's fine. That's fine.</p> <p>10 Can you read back the last question, please.</p> <p>11 (The court reporter read back the</p> <p>12 record as requested.)</p> <p>13 MR. GORDON: Can you answer the</p> <p>14 question.</p> <p>15 MR. MAY: Object to form, other than</p> <p>16 what she's already testified to.</p> <p>17 THE WITNESS: I've already answered</p> <p>18 that question, haven't I?</p> <p>19 BY MR. GORDON:</p> <p>20 Q. I'm not so sure that you have. Can you give</p> <p>21 me any circumstance where the enhanced policy would</p> <p>22 come into play?</p> <p>23 A. Well, actually, no, because, to my knowledge,</p> <p>24 I don't have an agent that has ever sold an enhanced</p> <p>25 policy.</p>

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<p style="text-align: right;">41</p> <p>1 Q. Okay. Do you know of any lender that requests</p> <p>2 the enhanced policy?</p> <p>3 A. No, I don't know of a lender who has requested</p> <p>4 an enhanced policy.</p> <p>5 Q. Do you know of any owner who has ever</p> <p>6 requested an enhanced policy?</p> <p>7 A. No, do I not personally know of any owner who</p> <p>8 has requested an enhanced policy.</p> <p>9 Q. Does Chicago Title have any forms that they</p> <p>10 give to lenders to advise them of the option of the</p> <p>11 enhanced policy versus the standard policy?</p> <p>12 A. No, not to my knowledge.</p> <p>13 Q. How about with respect to owner's policy, same</p> <p>14 question, any standard form?</p> <p>15 A. Not to my knowledge.</p> <p>16 Q. Now, Chelsea Land Transfer, Inc. was the agent</p> <p>17 in respect to the named plaintiff's transaction; are</p> <p>18 you aware of that?</p> <p>19 A. I am aware of that.</p> <p>20 Q. Have you ever had any contact with Chelsea</p> <p>21 Land Transfer?</p> <p>22 A. No.</p> <p>23 Q. Do you know who they are?</p> <p>24 A. No, I do not.</p> <p>25 Q. Are they currently an agent of Chicago Title?</p>	<p style="text-align: right;">43</p> <p>1 portion of the title premium.</p> <p>2 Q. Okay. And on the HUD-1 settlement statement,</p> <p>3 it's line 1108; is it not, that identifies where title</p> <p>4 insurance is paid?</p> <p>5 A. I believe you're correct.</p> <p>6 Q. On that line -- isn't it generally Chicago</p> <p>7 Title's name on that line as receiving the fee?</p> <p>8 A. Actually, it is the agent's name as</p> <p>9 representative of Chicago Title Insurance Company.</p> <p>10 Q. That's what it's going to say?</p> <p>11 A. That's what ours say, or as agent for Chicago</p> <p>12 Title Insurance Company.</p> <p>13 Q. Do you know what the split is generally in</p> <p>14 Pennsylvania?</p> <p>15 A. The standard industry split is an 85/15 split.</p> <p>16 Q. And that would mean that Chicago Title gets</p> <p>17 15 percent of the premium?</p> <p>18 A. Correct.</p> <p>19 Q. And the agent gets 85 percent?</p> <p>20 A. Correct, also of endorsements.</p> <p>21 Q. Okay. What is the appointment process for</p> <p>22 agents in Pennsylvania?</p> <p>23 A. The initial step is meeting with the agent,</p> <p>24 which is also part of my job, or the perspective agent</p> <p>25 at that point.</p>
<p style="text-align: right;">42</p> <p>1 A. I do not believe they are currently an agent</p> <p>2 of Chicago Title.</p> <p>3 Q. And where do you gain that knowledge from?</p> <p>4 A. Agency rep Joyce Folda.</p> <p>5 Q. Is she the one who handled their business?</p> <p>6 A. No, she is not.</p> <p>7 Q. Who handled their business?</p> <p>8 A. Elizabeth Ray.</p> <p>9 Q. And agents, as I understand it, are also</p> <p>10 compensated for issuing title policies by Chicago</p> <p>11 Title through a commission; is that correct?</p> <p>12 MR. MAY: Object to form.</p> <p>13 THE WITNESS: I don't understand your</p> <p>14 question.</p> <p>15 BY MR. GORDON:</p> <p>16 Q. Do you know what a commission is?</p> <p>17 A. I understand a commission -- what a commission</p> <p>18 is, yes.</p> <p>19 Q. Do agents receive a commission when they issue</p> <p>20 a title policy on behalf of Chicago Title?</p> <p>21 A. No. Chicago Title does not pay them a</p> <p>22 commission.</p> <p>23 Q. How do agents get paid?</p> <p>24 A. They get paid based on their charges on the</p> <p>25 HUD statement, their closing costs and they receive a</p>	<p style="text-align: right;">44</p> <p>1 Q. Would this contact be initiated by you or by</p> <p>2 the agent?</p> <p>3 A. It can be initiated both ways. After meeting</p> <p>4 with the perspective agent, we talk about their</p> <p>5 knowledge in the title industry, their reasons for</p> <p>6 wanting to get into the title industry, what their</p> <p>7 overall plan is, do they have a business plan, how are</p> <p>8 they going to accommodate closings, how many employees</p> <p>9 are they going to hire, who are they hiring that is a</p> <p>10 licensed title agent if, in fact, they are not a</p> <p>11 licensed title agent. What is their knowledge of the</p> <p>12 entire title industry, who will they receive their</p> <p>13 business from.</p> <p>14 Once we have that discussion, if I feel</p> <p>15 comfortable that they are -- are a solid enough group</p> <p>16 or maybe they are already in business and they write</p> <p>17 with somebody else, but if they are a new start-up</p> <p>18 company, if we feel that they are a solid enough</p> <p>19 group, then we'll take it to the next step and present</p> <p>20 them with all the paperwork that's required from</p> <p>21 Chicago Title, such as personal information sheets and</p> <p>22 attorney personal information sheets, the agency</p> <p>23 contract, the agency information sheet.</p> <p>24 You know, we'll need information for them to</p> <p>25 sign off that we can review their bank files or</p>

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<p style="text-align: right;">45</p> <p>1 contact their bank. He wants to know if they have any 2 claims history, once that is completed and put all 3 together, I write a letter about my opinion of 4 answering specific questions as to why they want to 5 get into title, why did they want to work with Chicago 6 Title, what is their knowledge, what is their 7 background, everything that I've learned from them or 8 what they've told me to be true. 9 We also collect copies of their E&O insurance, 10 their Fidelity bond, their surety bond, copies of 11 their license individually and entity license, and 12 then that is submitted to our regional vice president 13 who once again reviews all that. Oh, in addition, we 14 run credit reports and then the regional vice 15 president reviews everything. 16 Q. Where are the applications maintained? 17 A. Completed applications? 18 Q. Completed applications. 19 A. I have a copy of the completed application in 20 my office in a file for every agent. The agent 21 receives an original completed application and 22 corporate office in Jacksonville maintains an original 23 application. 24 Q. Is that the standard procedure throughout 25 Chicago Title, there would be at least three full</p>	<p style="text-align: right;">47</p> <p>1 is they couldn't find it. 2 MR. GORDON: Okay. 3 MR. MAY: And that, I think, where 4 these are kept, there may have been changes in terms 5 of policies to maintain extra copies that wouldn't 6 have been applicable when Chelsea first, you know, did 7 its application and there may not have been sort of a 8 fail safe like copy at corporate headquarters. In all 9 of the places where it could have been, the company 10 has represented to me that it has looked and has spent 11 some -- some considerable period of time searching for 12 that file and it has been unable to locate it. 13 MR. GORDON: I believe my conversation 14 with Mr. Snyder was about the agency contract. 15 THE WITNESS: Just trying to get over 16 here to get a drink of water; is that okay? 17 MR. GORDON: Sure. Why don't we go off 18 the record. 19 THE VIDEOGRAPHER: Going off the record 20 at five minutes past 11:00. 21 MR. GORDON: My conversation was about 22 the agency contract, not about the application. 23 MR. MAY: No, I think we looked through 24 the whole agency file. 25 MR. GORDON: We didn't discuss that.</p>
<p style="text-align: right;">46</p> <p>1 copies of the application? 2 A. Actually, Chicago Title requests that there be 3 two original copies because a copy that can be kept at 4 my office can be a photocopy. 5 Q. Okay. The applications are maintained in the 6 ordinary course of business? 7 A. Explain. 8 Q. You have it in your office? 9 A. Sure. 10 Q. As a routine matter? 11 A. As a routine party. 12 Q. It's easily accessible to you? 13 A. Yes. 14 Q. For example, if I asked you for the 15 application of Agent XYZ, you could pull it tomorrow? 16 A. Yes. 17 MR. GORDON: Mr. May, I would point out 18 that we do not have the application for Chelsea in 19 this case and I would ask that that be produced. 20 MR. MAY: I -- can we just represent, 21 and I thought you had the conversation with Mr. Snyder 22 but I may be wrong about that, so we have looked -- 23 or, rather, the company has looked for that. Chelsea 24 has not been an agent for some period of time so -- 25 but they went and looked and -- well, the bottom line</p>	<p style="text-align: right;">48</p> <p>1 MR. SNYDER: We didn't discuss that, 2 correct. 3 MR. MAY: We couldn't find the contract 4 because we couldn't find the file, that's what I'm 5 saying. 6 MR. GORDON: You found an unsigned copy 7 of the contract? 8 MR. MAY: Yeah, somewhere, but -- yes, 9 and I think it's fine to have this conversation off 10 the record. 11 MR. GORDON: No, let's keep it on. 12 MR. MAY: Okay. We looked for the file 13 and -- to try to produce that and we couldn't find the 14 file. 15 MR. GORDON: I just want to make sure 16 specifically with the contract, there's no question as 17 to authenticity of that? 18 MR. MAY: No. Our understanding, which 19 we can represent -- I believe I can represent because 20 I'm not sure that Joyce Folda was involved in that, 21 we -- it is our understanding that that agency 22 contract that was unsigned is substantively the same 23 as what would have been signed, as far as we know. 24 Now, I -- I frankly -- 25 MR. GORDON: And for our purposes,</p>

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<p style="text-align: right;">49</p> <p>1 that's the authentic contract?</p> <p>2 MR. MAY: Well, I will ask you a</p> <p>3 question because I don't know the answer, you</p> <p>4 subpoenaed Chelsea; did they produce a copy of the</p> <p>5 contract?</p> <p>6 MR. GORDON: They did not.</p> <p>7 MR. MAY: Okay. Well, then, for our</p> <p>8 purposes, that's the contract.</p> <p>9 MR. GORDON: Actually, can I have a</p> <p>10 minute with you before I forget, with the witness out</p> <p>11 of the room?</p> <p>12 MR. MAY: Yeah.</p> <p>13 MR. GORDON: This is off the record.</p> <p>14 (Discussion off the record.)</p> <p>15 (Brief recess.)</p> <p>16 THE VIDEOGRAPHER: We are back on the</p> <p>17 video record at 30 minutes past 11:00.</p> <p>18 BY MR. GORDON:</p> <p>19 Q. Ms. Reimer, when we went off the record we</p> <p>20 were talking about the process for approving a company</p> <p>21 to be an appointed agent on behalf of Chicago Title?</p> <p>22 A. Yes.</p> <p>23 Q. We were going through the application process?</p> <p>24 A. Yes.</p> <p>25 Q. And what sort of background check is conducted</p>	<p style="text-align: right;">51</p> <p>1 A. No.</p> <p>2 Q. So Chicago Title could be the first company</p> <p>3 approving --</p> <p>4 A. Yes.</p> <p>5 Q. Okay. So there really is no threshold number</p> <p>6 of years that are required in the industry in order to</p> <p>7 be approved, is there?</p> <p>8 A. Not a threshold number of years. It's really</p> <p>9 based on experience.</p> <p>10 Q. Okay. Do you know of any instance where</p> <p>11 someone was turned down for approval?</p> <p>12 A. Yes, I do.</p> <p>13 Q. When was that?</p> <p>14 A. Probably early 2005.</p> <p>15 Q. Was it just one agent or one potential agent?</p> <p>16 A. It was one potential agent.</p> <p>17 Q. Any others that you know of?</p> <p>18 A. Not that I personally know of because if they</p> <p>19 don't meet the threshold during the conversation, then</p> <p>20 we're really not going to get to the next step. If</p> <p>21 they're not going to have the knowledge and the</p> <p>22 background and the understanding of what title is, I'm</p> <p>23 not going to present them with an application to sign</p> <p>24 up to be a title agent.</p> <p>25 Q. And how often has that happened?</p>
<p style="text-align: right;">50</p> <p>1 on the agents by Chicago Title?</p> <p>2 A. Locally I conduct a credit check. Corporately</p> <p>3 a background check is run.</p> <p>4 Q. Into the individuals?</p> <p>5 A. Into the individuals. And that is done at a</p> <p>6 higher level and I do not see that.</p> <p>7 Q. Okay. Is there a threshold level of</p> <p>8 experience that's required of agents before they're</p> <p>9 approved to underwrite insurance for Chicago Title?</p> <p>10 A. Yes, there is.</p> <p>11 Q. And what is it?</p> <p>12 A. It varies. It's not written in stone. It</p> <p>13 varies on their experience, you know, it depends on</p> <p>14 their experience, on, you know, who they may be going</p> <p>15 into business with, who are their employees, you know,</p> <p>16 where have they worked, have they worked at large</p> <p>17 title companies or small title companies or, you know,</p> <p>18 somebody may have 20 years as a licensed title agent</p> <p>19 but be involved in two closings a year versus somebody</p> <p>20 else may have four years of title experience and</p> <p>21 worked at a company that, you know, had 40 closings a</p> <p>22 month.</p> <p>23 Q. Does Chicago Title require that the agent have</p> <p>24 been appointed by another company prior to approval by</p> <p>25 Chicago Title as an agent?</p>	<p style="text-align: right;">52</p> <p>1 A. That happens probably six to eight times a</p> <p>2 year at least.</p> <p>3 Q. Out of how many potential applicants?</p> <p>4 A. Twenty.</p> <p>5 Q. So for out of every 20 there's one that you</p> <p>6 won't even let get to the application process?</p> <p>7 MR. MAY: Object to form.</p> <p>8 THE WITNESS: No, for every 20 there's</p> <p>9 probably six to eight that won't get to the</p> <p>10 application process.</p> <p>11 MR. GORDON: Oh, I understand.</p> <p>12 BY MR. GORDON:</p> <p>13 Q. So the ones that get to the application</p> <p>14 process, do you ever know of an agent who's been</p> <p>15 turned down? To say it another way, one who has not</p> <p>16 ultimately been appointed as a Chicago Title agent?</p> <p>17 A. No, I don't. I may be required to find out</p> <p>18 additional information that corporate wants to know</p> <p>19 specifically in order to have them appointed and if</p> <p>20 they -- you know, if the information provided is what</p> <p>21 corporate needs to approve them, then they're</p> <p>22 approved.</p> <p>23 Q. And Chicago Title, in fact, has to be pretty</p> <p>24 careful who it appoints as its agents, doesn't it?</p> <p>25 A. Any title company has to be careful who they</p>

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<p style="text-align: right;">53</p> <p>1 appoint.</p> <p>2 Q. Because the agent has authority to act on</p> <p>3 Chicago Title's behalf; does it not?</p> <p>4 A. Correct.</p> <p>5 Q. And it has authority to bind Chicago Title;</p> <p>6 does it not, in issuing a policy?</p> <p>7 A. Yes, they issue a policy on behalf of Chicago</p> <p>8 Title.</p> <p>9 Q. And the agents enter into standard agreements</p> <p>10 with Chicago Title; do they not, agency contracts?</p> <p>11 A. Yes.</p> <p>12 (Document marked for identification</p> <p>13 as Reimer Deposition Exhibit Number 3.)</p> <p>14 BY MR. GORDON:</p> <p>15 Q. I would like to show you what has been marked</p> <p>16 deposition Exhibit Number 3 and this was produced by</p> <p>17 your counsel in this case and we've had a discussion</p> <p>18 prior to going back on the record that this is, in</p> <p>19 fact, the only copy that exists of the Chelsea Land</p> <p>20 Title -- Land Transfer agency agreement that can be</p> <p>21 produced at this time.</p> <p>22 A. Mm-hmm.</p> <p>23 Q. Does this appear to be the standard agency</p> <p>24 agreement?</p> <p>25 MR. MAY: Object to form, but, also,</p>	<p style="text-align: right;">55</p> <p>1 A. That would be Fidelity National Title, Ticor</p> <p>2 Title.</p> <p>3 Q. Any others?</p> <p>4 A. Security Union, Ticor Title of Florida.</p> <p>5 Q. Any others? And Chicago Title, of course?</p> <p>6 A. And Chicago Title, of course.</p> <p>7 Q. Any others?</p> <p>8 A. No, no, because there's Fidelity National</p> <p>9 Title of New York, but I think they follow the</p> <p>10 Fidelity National Title.</p> <p>11 Q. Could you take a minute or two and flip</p> <p>12 through this agency agreement and tell me if this</p> <p>13 looks to have the same general terms in it as the</p> <p>14 other contracts that you've seen?</p> <p>15 MR. MAY: Object to form.</p> <p>16 THE WITNESS: Yes, in just glancing</p> <p>17 through it, it looks very similar.</p> <p>18 BY MR. GORDON:</p> <p>19 Q. Nothing unusual about it?</p> <p>20 A. Well, without thoroughly reading it and</p> <p>21 comparing it to a current contract, I wouldn't know</p> <p>22 that.</p> <p>23 Q. Okay. But nothing jumped out at you?</p> <p>24 A. At this time, no, nothing jumps out by just</p> <p>25 skimming it.</p>
<p style="text-align: right;">54</p> <p>1 just -- if you need time to look through that, take</p> <p>2 it.</p> <p>3 MR. GORDON: Oh, please.</p> <p>4 THE WITNESS: This agency contract was</p> <p>5 issued in May of 2000 I see. I was not an employee,</p> <p>6 nor in the title industry in 2000.</p> <p>7 Since I've been in the title business,</p> <p>8 title contracts have changed. Chicago Title now has a</p> <p>9 standard contract that probably became effective in</p> <p>10 2000 and -- early 2005 where all of our sister</p> <p>11 companies, we use the same contract, the same wording.</p> <p>12 At this point in time it is my</p> <p>13 understanding that this was probably a standard</p> <p>14 contract for Eastern Pennsylvania, but this may have</p> <p>15 not been the standard contract for Western</p> <p>16 Pennsylvania.</p> <p>17 Q. Okay. So all the agents in Eastern</p> <p>18 Pennsylvania would have had this contract but in</p> <p>19 Western Pennsylvania it might have been slightly</p> <p>20 different?</p> <p>21 A. Correct.</p> <p>22 Q. You said all the sister companies now use the</p> <p>23 exact same contract?</p> <p>24 A. Correct.</p> <p>25 Q. Which sister companies are you talking about?</p>	<p style="text-align: right;">56</p> <p>1 Q. Could you go back to the first page of the</p> <p>2 document and if you could read for us the first</p> <p>3 paragraph out loud on appointment of agent?</p> <p>4 A. "Principal hereby appoints agent as a policy</p> <p>5 issuing agent of principal for the sole purpose of</p> <p>6 issuing title insurance commitments, policies,</p> <p>7 endorsements and other title assurances approved by</p> <p>8 principal and by all required regulatory agencies now</p> <p>9 in existence or hereafter developed relating to real</p> <p>10 property located in all the counties in the</p> <p>11 Commonwealth of Pennsylvania in accordance with the</p> <p>12 terms of this contract." Continue?</p> <p>13 Q. Just finish it off. It looks like there's a</p> <p>14 glitch.</p> <p>15 A. "During the term of this contract agent shall</p> <p>16 have the right to issue title insurance commitments,</p> <p>17 policies and the endorsements of any title insurance</p> <p>18 company in the referenced geographic area."</p> <p>19 Q. Okay. And with respect to that paragraph, is</p> <p>20 that, generally, your understanding of the scope of an</p> <p>21 agent's appointment today in the Western District?</p> <p>22 A. Yes.</p> <p>23 Q. And could you please turn to the next page,</p> <p>24 Paragraph 4 and that's, for the record, Bates numbers</p> <p>25 CHI0535. And could you please read Paragraph D under</p>

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<p style="text-align: right;">57</p> <p>1 Duties of Agent.</p> <p>2 A. Prepare, preserve and maintain --</p> <p>3 Q. If I could just stop you. It starts off agent</p> <p>4 shall up top.</p> <p>5 A. I'm sorry. "Duties of Agent, agent shall</p> <p>6 prepare, preserve and maintain in agent's possession a</p> <p>7 separate file for each application for title insurance</p> <p>8 containing all documents upon which agent relied to</p> <p>9 make its determination of insurability, including but</p> <p>10 not limited to affidavits, mats, plats, lien, waivers,</p> <p>11 surveys, title reports, searches, examinations and</p> <p>12 work sheets, together with a copy of each commitment</p> <p>13 policy and endorsement and other title insurance</p> <p>14 issued, as well as closing statements, disbursement</p> <p>15 work sheets, copies of all checks disbursed and</p> <p>16 receipted, deposit slips, escrow agreements and other</p> <p>17 instruments or documents executed or created at</p> <p>18 closing. Title to file shall vest in principal. Upon</p> <p>19 termination of this contract, agent shall deliver such</p> <p>20 files to principal, which files may not be copied by</p> <p>21 agent without the written consent of principal. Agent</p> <p>22 hereby grants to principal the right to enter upon the</p> <p>23 premises of agent or other locations where such files</p> <p>24 are maintained during business hours for purposes of</p> <p>25 recovering possession thereof."</p>	<p style="text-align: right;">59</p> <p>1 policy register created by our national accounting</p> <p>2 system. This is not the policy register maintained by</p> <p>3 the agent.</p> <p>4 Q. The one that would be referred to in Paragraph</p> <p>5 F --</p> <p>6 A. Correct.</p> <p>7 Q. -- is a copy of that policy register</p> <p>8 maintained by the agent provided to Chicago Title?</p> <p>9 A. No, it is not provided to Chicago Title. Upon</p> <p>10 reviews of agents we -- part of our review is to</p> <p>11 review that title policy register in our process of</p> <p>12 checking for possibly missing policies or anything</p> <p>13 that we might need, but we do review it to make sure</p> <p>14 it's completed and it's filled out.</p> <p>15 Q. Okay. So what is in front of you as</p> <p>16 deposition Exhibit Number 4 is something that's</p> <p>17 produced by your national office?</p> <p>18 A. Correct, by our accounting system, yes.</p> <p>19 Q. By your accounting system.</p> <p>20 And this is based upon information that's</p> <p>21 inputted into it?</p> <p>22 A. Correct.</p> <p>23 Q. Where would that information be inputted?</p> <p>24 A. I'm going to say that it's been inputted from</p> <p>25 the Eastern Pennsylvania office of Chicago Title.</p>
<p style="text-align: right;">58</p> <p>1 Q. And is that paragraph consistent with your</p> <p>2 understanding of the duties of the agent today insofar</p> <p>3 as record maintenance and preservation?</p> <p>4 A. Yes.</p> <p>5 Q. Now, Paragraph F under Duties of Agents,</p> <p>6 again, on the same page, references a policy register.</p> <p>7 A. Mm-hmm.</p> <p>8 Q. What does that refer to; is that the</p> <p>9 remittance log?</p> <p>10 A. Yes, it is.</p> <p>11 (Document marked for identification</p> <p>12 as Reimer Deposition Exhibit Number 4.)</p> <p>13 BY MR. GORDON:</p> <p>14 Q. Let me show you what's been marked as</p> <p>15 deposition Exhibit Number 4 and this is another</p> <p>16 document that was turned over last week by your</p> <p>17 counsel and I believe that this is for Chelsea, which</p> <p>18 is the agent involved in Ms. Cohen's transaction, at</p> <p>19 least I believe that's what was represented to me when</p> <p>20 it was produced.</p> <p>21 MR. MAY: That's my understanding.</p> <p>22 BY MR. GORDON:</p> <p>23 Q. Is this the policy register that Paragraph F</p> <p>24 refers to?</p> <p>25 A. This is a policy register of sorts. This is a</p>	<p style="text-align: right;">60</p> <p>1 They have inputted this information based on</p> <p>2 information they received from Chelsea Title, whether</p> <p>3 it is in the form of utility report forms, HUD-1s, if</p> <p>4 by chance they did send a copy of a policy register or</p> <p>5 if they created their own spreadsheet showing that</p> <p>6 we've issued these policies, with these policy numbers</p> <p>7 related to these files in these premium amounts, in</p> <p>8 this liability amount and collected this much.</p> <p>9 Q. Okay. And if you could look up in the upper</p> <p>10 left-hand corner, it references Fidelity National</p> <p>11 Financial; do you see that?</p> <p>12 A. Yes.</p> <p>13 Q. Fidelity National Financial is the parent</p> <p>14 company of Chicago Title?</p> <p>15 A. At this time it was -- at this time it was in</p> <p>16 2002.</p> <p>17 Q. It was or it was not?</p> <p>18 A. It was.</p> <p>19 Q. It was.</p> <p>20 And you are suggesting now it's not?</p> <p>21 A. Well, now we are part of a division of</p> <p>22 Fidelity National Title Group, FNTG.</p> <p>23 Q. So it just switched the names around a little</p> <p>24 bit?</p> <p>25 A. Well, we've just divided the company --</p>

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<p style="text-align: right;">61</p> <p>1 they've divided Fidelity National Financial and now we 2 have a whole title group on this side and we report to 3 Fidelity National Title Group. 4 Q. And is it my understanding that the -- the 5 computer systems that are used are consistent and 6 uniform throughout all the sister companies, as you 7 called them? 8 MR. MAY: Object to form. 9 THE WITNESS: What computer systems are 10 we talking about? 11 BY MR. GORDON: 12 Q. Well, the one that generated this deposition 13 Exhibit Number 4, for example? 14 A. Okay. So the corporate -- 15 Q. Yes. 16 A. -- computer system? 17 Yes, to my knowledge I've never seen, you 18 know, a detailed premium register for Ticor or for any 19 of the other companies. I can -- I can only, you 20 know, imply that, yes, I would believe that they would 21 be the same, but I have never seen one from a sister 22 company. 23 Q. Okay. 24 MR. MAY: Well, don't guess. 25 THE WITNESS: Right. I've never seen</p>	<p style="text-align: right;">63</p> <p>1 Q. You don't create the systems, though, do you, 2 or the spreadsheets -- 3 A. No. 4 Q. -- as part of your jobs or responsibilities? 5 A. No, no. 6 Q. It's all done out of corporate? 7 A. Correct. 8 Q. And that corporate office runs each of the 9 sister companies? 10 MR. MAY: Object to form. 11 THE WITNESS: Okay. The accounting 12 department, which is -- 13 BY MR. GORDON: 14 Q. Let's start the accounting department, yes. 15 A. Which is, you know, who -- where this 16 information goes to, I don't know. I don't believe 17 so. Our information for Chicago Title goes to 18 Schaumburg, Illinois. If I remember correctly, 19 Fidelity National Title, the accounting information 20 went to somewhere in Florida, Maitland -- Maitland, 21 Florida. 22 Q. If you could turn to the next page of 23 deposition Exhibit Number 3, which is Bates number 24 CHI0536, this is back to the agency contract. 25 Ms. Reimer, if you could look under</p>
<p style="text-align: right;">62</p> <p>1 one. 2 BY MR. GORDON: 3 Q. If there were to be a register produced in 4 the -- of the type as Exhibit 4 today, what would be 5 in the upper left-hand corner in place of Fidelity 6 National Financial? 7 A. I believe it still does say Fidelity National 8 Financial in the upper left-hand corner. 9 Q. Okay. 10 A. But all of our memorandums come from Fidelity 11 National Title Group. 12 Q. Now, when you worked for Fidelity National was 13 there a similar spreadsheet that was produced for 14 agents? 15 A. At the time I worked for Fidelity National 16 Title, I did not see a corporate report such as this 17 one. 18 Excuse me, please let me correct that. 19 Q. Certainly. 20 A. Yes, now that I'm thinking back, on our 21 national agency system I would have been able to 22 create this premium register detail for Fidelity. 23 Q. When you were with Fidelity National? 24 A. Yes, yes, but being new -- being new to the 25 industry at that time, I did maybe -- maybe once.</p>	<p style="text-align: right;">64</p> <p>1 Subparagraph I, it talks about how funds are going to 2 be maintained and how funds are disbursed and how 3 they're entrusted, so on and so forth. If you could 4 see that there is a paragraph right before Paragraph 5 J; do you see that, starting off with the word 6 principal? 7 A. Yes. 8 Q. Could you please read that out loud. 9 A. "Principal shall have the right to examine, 10 audit and approve agent's accounting procedures to 11 ensure its compliance with principal's Escrow 12 Accounting Manual, a copy of which has been delivered 13 to agent simultaneously with the execution of this 14 contract." 15 Q. What is the Escrow Accounting Manual? 16 A. It's a detailed manual on what we expect as 17 far as accounting records go and requirements that we 18 have involving not just a two-way bank reconciliation 19 but a three-way bank reconciliation, and the 20 requirement of a escrow trial balance some may call it 21 and that you must account for all these funds in 22 the -- if there are any left, in the escrow trial 23 fund, such as funds you may pull for water or sewage 24 payoff, and that you have to be able to tie these back 25 to a file.</p>